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STATE OF MAINE
DEPARTMENT OF EDUCATION
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AUGUSTA, MAINE
04333-0023

ANGELA R. FAHERTY, Ph.D.
COMMISSIONER

Exhibit # IX.C.

TO: Members of the State Board of Education

FROM: Angela R. Faherty, Ph.D., Commissioner*

DATE: March 9, 2011

SUBJECT: Federal Qualified School Construction Bond Program – RSU 34

STATEMENT OF FACT

The Department of Education coordinates the Federal Qualified School Construction Bond (QSCB) program. QSCBs are bonds issued by state or local governments which the Federal government subsidizes by providing tax credits to bondholders or direct payment interest subsidies to issuers. Bond proceeds can be used for construction, rehabilitation, or repair of public school facilities.

RSU 34 submitted a 2010 QSCB application for Old Town High School and on June 9, 2010 received State Board of Education approval for a QSCB allocation in the amount of \$3,000,000. RSU 34 has requested that they be permitted to return their allocation to the Department of Education and that the Department reissue the RSU 34 allocation directly to the Maine Municipal Bond Bank (MMBB) for the RSU 34 project. Pursuant to this reallocation, the MMBB would issue QSCBs to provide funds for the previously approved RSU 34 project.

CONSTRUCTION COMMITTEE RECOMMENDATION

The Construction Committee voted unanimously to recommend the State Board of Education approve that the Federal allocation to RSU 34 of QSCBs in the amount of \$3,000,000 for 2010 be reallocated to the Maine Municipal Bond Bank provided that the QSCBs issued by the Maine Municipal Bond Bank pursuant to this allocation shall be issued to provide funds for the RSU 34 project that the State Board of Education previously approved on June 9, 2010.

DEPARTMENT RECOMMENDATION

The Department of Education recommends that the State Board approve that the Federal allocation to RSU 34 of QSCBs in the amount of \$3,000,000 for 2010 be reallocated to the Maine Municipal Bond Bank provided that the QSCBs issued by the Maine Municipal Bond Bank pursuant to this allocation shall be issued to provide funds for the RSU 34 project that the State Board of Education previously approved on June 9, 2010.

*Prepared by the School Facilities Services Team